

**Economic Impact Statement**

LSA Document #13-229

**IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses**

The BOAH proposes to amend its rules governing contagious equine metritis ([345 IAC 6](#)). The purpose of the changes are to conform BOAH's rules to the new United States Department of Agriculture - Animal and Plant Health Inspection Service (USDA-APHIS) requirements at 9 CFR 93.301. This section contains specific provisions for the importation of horses from regions affected with contagious equine metritis (CEM), which is a highly contagious venereal disease of horses and other equines. The final rule makes certain changes to testing requirements for imported stallions and mares. BOAH is proposing to update the incorporation by reference at [345 IAC 6-2-2](#) from January 1, 2004, to January 1, 2013. In addition, BOAH is proposing to incorporate by reference the USDA final rule in the February 11, 2013, Federal Register (78 Fed. Reg. 9577). The CEM final rule took effect on March 13, 2013.

**1. Description of Affected Industry**

Indiana currently has one quarantine facility. This facility is reopening after being closed for several years. It is reopening because of a new international airport facility that recently opened in Chicago where the horses can arrive. Prior to the facility opening in Chicago, this quarantine facility would ship the horses in from New York. Unless the BOAH receives additional requests for approval, only one facility will be subject to the rule. However, it is important to note the ability of Indiana to have a quarantine facility has a positive economic impact on other Indiana businesses, such as owners, exhibition facilities, and service providers.

**2. Reporting, Record Keeping, and Other Administrative Costs**

The proposed rule makes changes to the CEM testing procedures. However, it does not make changes to reporting or record keeping requirements. Under the current rule, the quarantine facility must keep records to demonstrate that the testing of stallions and mares is being conducted pursuant to 9 CFR 93.301(e).

**3. Estimated Total Annual Economic Impact on Small Business**

Although this rule does make some changes to testing procedures, the BOAH does not anticipate these changes will significantly impact the costs of conducting the tests relative to the federal rule in effect prior to March 13, 2013. The current cost per animal of conducting the testing required for mares is approximately \$2,500. The current cost per animal to conduct the testing required for stallions is approximately \$5,000. The one approved quarantine facility in Indiana tests only mares. The federal rule contains a new requirement that the mares be given a complement fixation (CF) test at the quarantine facility. This will require an additional blood sample to be taken, but we estimate the cost of this additional sample to be less than \$100. The quarantine facility passes these costs onto the horse owner through its service charge.

The annual cost to the facility will depend on the number of mares it accepts for testing. Because the facility is just now reopening, we do not have an estimate of how many mares per year they will test. However, prior to closing they were testing less than five horses per year. The proposed rule allows three samples to be taken within 12 days versus seven days under the federal rule in effect prior to March 13, 2013. This impact of this change is that horses will remain at the facility for approximately seven days longer. However, the advantage of this change is more flexibility that a longer time frame provides for the veterinarians and owners. Any increase in cost will likely be incurred by the owner if the facility decides to increase its fee due to a longer stay. This amount of this additional, indirect boarding cost will depend upon what is negotiated between the owner and the quarantine facility.

**4. Justification for Costs**

The proposed rule is necessary to comply with a change to federal standards. Indiana must be approved by USDA to receive stallions or mares imported from a CEM-affected region. In order to maintain our approval, the state must demonstrate that our requirements are equivalent to the federal import requirements. The proposed rule does not impose any additional cost beyond what is required by federal law.

**5. Regulatory Flexibility Analysis**

Because USDA-APHIS requires that the BOAH rule comply with the federal testing requirements, BOAH did not consider any less costly alternative methods to achieving the purpose of the proposed rule. If the proposed rule does not incorporate the federal standards, Indiana would be in violation of the MOU with USDA-APHIS and the state would be prohibited from having a CEM quarantine facility.

